

2003 DRAFTING REQUEST**Bill**Received: **02/21/2003**Received By: **rchampag**Wanted: **As time permits**

Identical to LRB:

For: **Suzanne Jeskewitz (608) 266-3796**By/Representing: **Herself**This file may be shown to any legislator: **NO**Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - employee benefits**
Employ Pub - retirement

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.Jeskewitz@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Employee benefits for Wisconsin Retirement System annuitants who return to state employment

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							State Retire
/1	rchampag 06/27/2003	kfollett 06/27/2003	chaskett 06/27/2003		sbasford 06/27/2003		State Retire
/2	rchampag	wjackson	chaskett		sbasford	Inorthro	

10/30/2003 10:53:26 AM

Page 2

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	07/18/2003	07/18/2003	07/18/2003	_____	07/21/2003	10/30/2003	

FE Sent For:

<END>

2003 DRAFTING REQUEST**Bill**Received: **02/21/2003**Received By: **rchampag**Wanted: **As time permits**

Identical to LRB:

For: **Suzanne Jeskewitz (608) 266-3796**By/Representing: **Herself**This file may be shown to any legislator: **NO**Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - employee benefits**
Employ Pub - retirement

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.Jeskewitz@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Employee benefits for Wisconsin Retirement System annuitants who return to state employment

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	rchampag 06/27/2003	kfollett 06/27/2003	chaskett 06/27/2003		sbasford 06/27/2003		State Retire
/2	rchampag	wjackson	chaskett		sbasford		State Retire

For Assembly per Eric

07/21/2003 07:44:51 AM

Page 2

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	07/18/2003	07/18/2003	07/18/2003	_____	07/21/2003		

FE Sent For:

<END>

06/27/2003 02:31:41 PM

Page 1

2003 DRAFTING REQUEST**Bill**Received: **02/21/2003**Received By: **rchampag**Wanted: **As time permits**

Identical to LRB:

For: **Suzanne Jeskewitz (608) 266-3796**By/Representing: **Herself**This file may be shown to any legislator: **NO**Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - employee benefits
Employ Pub - retirement**

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.Jeskewitz@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Employee benefits for Wisconsin Retirement System annuitants who return to state employment

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				<i>sf/cph</i> <i>7/18</i>			State Retire
/1	rchampag 06/27/2003	kfollett 06/27/2003 <i>12 k/f</i> <i>7/18</i>	chaskett 06/27/2003 <i>12 cph</i> <i>7/18</i>		sbasford 06/27/2003		

06/27/2003 02:31:41 PM

Page 2

FE Sent For:

<END>

2003 DRAFTING REQUEST**Bill**Received: **02/21/2003**Received By: **rchampag**Wanted: **As time permits**

Identical to LRB:

For: **Suzanne Jeskewitz (608) 266-3796**By/Representing: **Herself**This file may be shown to any legislator: **NO**Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - employee benefits
Employ Pub - retirement**

Extra Copies:

Submit via email: **YES**Requester's email: **Rep.Jeskewitz@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Employee benefits for Wisconsin Retirement System annuitants who return to state employment

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/?

rchampag

11 klf
6/271 cph
6/27Self
6/27

FE Sent For:

<END>

Provide employees contributions
for health insurance coverage
for State employees who are
WRS members.

Champagne, Rick

From: Korpady, Tom
Sent: Friday, February 21, 2003 2:43 PM
To: Champagne, Rick
Subject: RE:

No. Until the annuity is discontinued, they are not a participating employee, and are therefore not eligible for state contribution towards health insurance. They can discontinue the annuity and become eligible, if they so desire. Bill Kox (6-0211) can walk you through the pertinent provisions if you need more detailed information.

-----Original Message-----

From: Champagne, Rick
Sent: Friday, February 21, 2003 2:36 PM
To: Korpady, Tom
Subject:

Good afternoon Tom:

Question for you: if a participating state employee separates from state employment, begins to take an annuity, and returns to state employment while continuing to receive an annuity, is that person eligible for health insurance coverage as any other state employee and for the employer pick-up?

Rick Champagne
Senior Staff Counsel
Legal Section
Wisconsin Legislative Reference Bureau
100 N. Hamilton St.
P.O. Box 2037
Madison, WI 53701-2037
(608) 266-9930
FAX (608) 264-6948
rick.champagne@legis.state.wi.us



Wed, 7/2/03

2003 BILL

Gen

- 1 AN ACT ...; relating to: payment of health insurance premiums for annuitants
2 under the Wisconsin retirement system who become employed by the state.

Analysis by the Legislative Reference Bureau

Under current law, a person who is an annuitant under the Wisconsin Retirement System (WRS) and who subsequently becomes employed by the state is not eligible for employer contributions toward the cost of health insurance coverage during the time that he or she is employed by the state unless the person first terminates his or her WRS annuity. This bill permits a person who is a WRS annuitant to become a state employee and become eligible for employer contributions toward the payment of the cost of health insurance coverage while employed by the state without having to terminate his or her WRS annuity.

This bill will be referred to the Joint Survey Committee on Retirement Systems for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3

SECTION 1. 40.02 (2) (b) 5m. of the statutes is created to read:

BILL

5 5

1 40.02 (2) (b) 5m. An annuitant who is employed by a state agency after
2 becoming an annuitant and who does not terminate his or her retirement annuity
3 under s. 40.26.

4 SECTION 2. 40.05 (4) (ad) of the statutes is amended to read:

5 40.05 (4) (ad) For health insurance, each insured retired employee who elects
6 coverage under s. 40.51 (10), (10m) or (16) shall pay the entire amount of the required
7 premiums, except as provided in par. (bc). This paragraph shall not apply to an
8 annuitant who is employed by a state agency after becoming an annuitant and who
9 does not terminate his or her retirement annuity under s. 40.26.

History: 1981 c. 96, 274, 278, 386; 1983 a. 9 s. 6; 1983 a. 27, 30; 1983 a. 46 ss. 2 to 4, 7; 1983 a. 140; 1983 a. 141 ss. 7 to 12, 20; 1983 a. 290, 504, 538; 1985 a. 29, 119, 135, 225; 1987 a. 27, 83, 107, 309, 356, 363; 1987 a. 403 s. 256; 1989 a. 13, 14, 31, 119, 122, 166, 182, 189, 230, 336, 355, 359; 1991 a. 32, 39, 107, 113, 141, 152, 189, 269; 1995 a. 27, 81, 88, 89, 240, 302; 1997 a. 35, 58, 149; 1999 a. 9, 11, 13, 104; 2001 a. 16.

10 SECTION 3. Nonstatutory provisions.

11 (1) Notwithstanding section 40.51 (2) of the statutes, an eligible employee, as
12 defined in section 40.02 (2) (b) 5m. of the statutes, as created by this act, who is
13 employed by the state on the effective date of this subsection shall not be required
14 to elect coverage prior to becoming eligible for employer contributions towards the
15 premium costs of health insurance coverage if the employee elects the coverage
16 before the 90th day after the effective date of this subsection. Any such election must
17 be made by the employee in writing on a form provided by the department of
18 employee trust funds and must be received by the department of employee trust
19 funds before the 90th day after the effective date of this subsection.

20 (END)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2119/1dn

RAC: *[Signature]*

Date

have
Representative Jeskewitz:

As there are a couple of different ways to provide state employee annuitants with employer contributions toward the premium costs of health insurance coverage, you may wish to the Department of Employee Trust Funds (DETF) review the draft. Also, I drafted a nonstatutory provision that permits current state employee annuitants to elect the employer contributions within 90 days after the bill's effective date. DETF may have ~~the~~ different or additional administrative procedures it wishes to use for annuitants who are currently state employees. X

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us X

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2119/1dn
RAC:kjf:cph

June 27, 2003

Representative Jeskewitz:

As there are a couple of different ways to provide state employee annuitants with employer contributions toward the premium costs of health insurance coverage, you may wish to have the Department of Employee Trust Funds (DETF) review the draft. Also, I drafted a nonstatutory provision that permits current state employee annuitants to elect the employer contributions within 90 days after the bill's effective date. DETF may have different or additional administrative procedures it wishes to use for annuitants who are currently state employees.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us

Champagne, Rick

From: Handrick, Diane
Sent: Tuesday, July 08, 2003 12:46 PM
To: Champagne, Rick
Subject: Submitted: LRB 03-2119/1 Topic: Employee benefits for Wisconsin Retirement System annuitants who return to state employment?body=

Hi, Rick.

Thank you so much for the quick service on the draft!

Sue wants to know if you'd be willing to meet with her and someone from ETF on Wednesday, July 16 at 9am here in our office to discuss this draft.

I've attached notes (in confidence) that would outline some of the issues ETF has mentioned.

Please let me know if you can make the meeting and thank you!

Diane

Section 1. Creating Wis. Stats. § 40.02 (25) (b) 5m.

As drafted, a new definition of "eligible employee" is created as Wis. Stats. § 40.02 (25) (b) 5m. for the purposes of group health insurance coverage. This means that the persons described would become "eligible employees" for purposes of Wis. Stats. § 40.51 (2), which includes provisions on when coverage must be elected and when coverage begins.

There is some potential for confusion over deadlines and when coverage would begin. Generally an eligible employee may become covered by group health insurance by:

- (a) electing coverage within 30 days after being hired, with coverage to be effective on the first day of the next month after the application is received, or
- (b) by filing an election before becoming eligible for employer contributions towards the premium, with coverage to begin upon being eligible for the employer contribution.

For most employees, employer contributions begin on the first day of the seventh month starting after employment for the state began. Some employees, listed in Wis. Stats. § 40.02 (25) (a) 2. or (b) 1m. or 2m., receive immediate employer contribution towards their health insurance.

The general rule -- stated in Wis. Stats. § 40.51 (2) -- also states that it applies: "[e]xcept as provided in subs. (10), (10m), (11) and (16)" Since Wis. Stats. § 40.51 (10), (10m) and (11) all refer to retirees -- described in more detail in Wis. Stats. § 40.02 (25) (b) 6m., 6g., and 11., -- there is potential for overlapping eligibility under both existing law and the proposed new Wis. Stats. § 40.02 (25) (b) 5m. in the event any of those described retirees should take employment with the state after their annuities begin. This would create questions about application deadlines and coverage dates. There is no application deadline for retirees to whom Wis. Stats. § 40.51 (10), (10m) or (16) apply, for example. At present, these retirees are not eligible for employer contributions so there has not been a delayed effective date of coverage tied to when employer contributions would begin. Waiting periods, however, have been imposed by contract.

Judging from the language of the non-statutory provision and the lack of any proposed amendment to the first sentence of Wis. Stats. § 40.05 (4) (a) 2., there is apparently an intent to apply the same election deadlines and coverage effective dates to these newly eligible rehired annuitants as now apply to other state employees. One way to accomplish this might be to amend Wis. Stats. § 40.51 (2) by adding a sentence at the end reading: "This subsection shall apply to an eligible employee as defined by s. 40.02 (25) (b) 5m., notwithstanding subs. (10), (10m) and (16) or any contractual waiting periods applicable under those subsections."

Alternatively, the bill could amend Wis. Stats. § 40.51 (2) to add another exception to the list ["Except as provided in subs. (10), (10m), (11), and (16), and (17) ..."] while also creating a new Wis. Stats. § 40.51 (17) to describe any desired enrollment deadline and effective date of coverage for the proposed new

group of state rehired annuitants.

Section 2. Amending Wis. Stats. § 40.05 (4) (ad).

The proposed amendment of Wis. Stats. § 40.05 (4) (ad) could be shortened, if desired, by simply referring to the new definition of eligible employee: "This paragraph shall not apply to an eligible employee as defined in s. 40.02 (25) (b) 5m." This suggestion is entirely an editorial choice, without any substantive effect.

Section 3. Nonstatutory provision.

Finally, the non-statutory provision is unclear about the effective date of coverage. It appears to grant what amounts to a 90-day open enrollment period to existing rehired annuitants working for state agencies, but does not specify when coverage would be effective. It might be the case that such an employee has already been working for the state for more than 30 days, or for more than 6 full calendar months. It is not practical to grant retroactive health insurance coverage, so the nonstatutory provision should include language specifying a prospective effective date of coverage. This could be done by adding a sentence along the following lines: "Coverage shall be effective on the first day of the month beginning after receipt of an application which is timely under this section, unless on the date the application is received the employee is not yet eligible for employer contribution towards the premium cost as provided in s. 40.05 (4) (a) and has specified that the coverage shall be effective upon becoming eligible for employer contributions."

However, if you wish, you could clarify that because many of these rehired annuitants are already covered under the state group health insurance as an annuitant; if they so elect within the 90-day deadline, the state share of premiums could be retroactive to the first of the month after the bill becomes law. The DETF would then return sick leave credits as appropriate to the accumulated sick leave credit account of the annuitant until the person subsequently terminates and needs annuitant coverage.

4. Additional comments.

There are some questions about related issues that -- depending on the answers -- might require additional bill language:

- Will the insured rehired annuitant pay the employee share of premiums by payroll deduction like other insured employees?

We would suggest that this be standard practice. Do not allow existing state employees to use their existing sick leave conversion credits or annuity deductions for the employee share.

- What is the intent with regard to sick leave for these rehired annuitants? Does the rehired annuitant accumulate new sick leave hours? If so, shall he or she be allowed to convert it to credits upon death or subsequent retirement? That would require a change to Wis. Stats. § 40.05 (4) (b).

The choices are to: 1) Not allow conversion of new credits unless the person subsequently terminates the annuity and re-retires. This is current practice. 2) Allow conversion of newly earned credits upon termination and add the credits to existing balances (if applicable) from previous retirement. Previously converted credits stay at DETF and are not reconverted when a person returns to active

employment.

***Diane Handrick
Office of Rep. Sue Jeskewitz
314N, Capitol
608-266-3796
1-888-529-0024***



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-2119/1 2

RAC:kjf:ph

RMR

Tues

2003 BILL

Regen

- 1 AN ACT *to amend* 40.05 (4) (ad); and *to create* 40.02 (25) (b) 5m. of the statutes;
2 relating to: payment of health insurance premiums for ^{certain} annuitants under the
3 Wisconsin Retirement System who become employed by the state.

Analysis by the Legislative Reference Bureau

Under current law, a person who is an annuitant under the Wisconsin Retirement System (WRS) and who subsequently becomes employed by the state is not eligible for employer contributions toward the cost of health insurance coverage during the time that he or she is employed by the state unless the person first terminates his or her WRS annuity. This bill permits a person who is a WRS annuitant to become a state employee and become eligible for employer contributions toward the payment of the cost of health insurance coverage while employed by the state without having to terminate his or her WRS annuity. ↑

This bill will be referred to the Joint Survey Committee on Retirement Systems for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 4 SECTION 1. 40.02 (25) [✓](b) 5m. of the statutes is created to read:

BILL

Insert 2-3
1 40.02 (25) (b) 5m. An annuitant who is employed by a state agency after
2 becoming an annuitant and who does not terminate his or her retirement annuity
3 under s. 40.26.

4 SECTION 2. 40.05 (4) (ad) of the statutes is amended to read:

5 40.05 (4) (ad) For health insurance, each insured retired employee who elects
6 coverage under s. 40.51 (10), (10m) or (16) shall pay the entire amount of the required
7 premiums, except as provided in par. (bc). This paragraph shall not apply to an
8 annuitant who is employed by a state agency after becoming an annuitant and who
9 does not terminate his or her retirement annuity under s. 40.26.

Insert 2-9
Insert 2-10
10 SECTION 3. Nonstatutory provisions.

11 (1) Notwithstanding section 40.51 (2) of the statutes, an eligible employee, as
12 defined in section 40.02 (25) (b) 5m. of the statutes, as created by this act, who is
13 employed by the state on the effective date of this subsection shall not be required
14 to elect coverage prior to becoming eligible for employer contributions towards the
15 premium costs of health insurance coverage if the employee elects the coverage
16 before the 90th day after the effective date of this subsection. Any such election must
17 be made by the employee in writing on ^{an application} a form provided by the department of
18 employee trust funds and must be received by the department of employee trust
19 funds before the 90th day after the effective date of this subsection. Y

20 (END)

Insert 2-19

**2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2119/2ins
RAC::

Insert Analysis:

No ~~FF~~ In order for the annuitant to become eligible for the employer contributions, the person's employer must agree at the time that the annuitant is hired by the state to make the employer contributions.

Insert 2-3:

and whose employer has agreed, in writing, at the time that the annuitant is hired by the state to pay employer contributions towards the premium costs of health insurance coverage under s. 40.05 (4) (ag) ✓

Insert 2-9:

eligible employee, as defined in s. 40.02 (25) (b) 5m ✓ ✓

Insert 2-10:

SECTION ~~11~~ ✓ 40.51 (2) of the statutes is amended to read:

40.51 (2) Except as provided in subs. (10), (10m), (11) and (16), any eligible employee may become covered by group health insurance by electing coverage within 30 days of being hired, to be effective as of the first day of the month which begins on or after the date the application is received by the employer, or by electing coverage prior to becoming eligible for employer contribution towards the premium cost as provided in s. 40.05 (4) (a) to be effective upon becoming eligible for employer contributions. An eligible employee who is not insured, but who is eligible for an employer contribution under s. 40.05 (4) (ag) 1., may elect coverage prior to becoming eligible for an employer contribution under s. 40.05 (4) (ag) 2., with the coverage to be effective upon becoming eligible for the increase in the employer contribution. Any employee who does not so elect at one of these times, or who subsequently cancels the insurance, shall not thereafter become insured unless the employee furnishes evidence of insurability satisfactory to the insurer, at the employee's own

expense or obtains coverage subject to contractual waiting periods. The method to be used shall be specified in the health insurance contract. This subsection shall apply specifically to an eligible employee, as defined in s. 40.02 (25) (b) 5m, even if that employee would otherwise be subject to subs. (10), (10m), or (16) or any contractual waiting period applicable under subs. (10), (10m), or (16).

History: 1981 c. 96; 1983 a. 27; 1985 a. 29; 1987 a. 27, 107, 356; 1987 a. 403 s. 256; 1989 a. 31, 93, 121, 129, 182, 201, 336, 359; 1991 a. 39, 70, 113, 152, 269, 315, 1993 a. 450, 481; 1995 a. 289; 1997 a. 27, 155, 202, 237, 252; 1999 a. 32, 95, 115, 155; 2001 a. 16, 38, 104.

Insert 2-16:

and if the employee's employer agrees, in writing, to pay employer contributions towards the premium costs of health insurance coverage under section 40.05 (4) (ag) of the statutes

Insert 2-19:

Coverage shall be effective on the first day of the month that begins after the department receives a timely application under this subsection, unless on the date that the application is received the employee is not yet eligible for employer contributions towards the premium costs of health insurance coverage under section 40.05 (4) (a) of the statutes and the employee has specified that the coverage is to become effective upon becoming eligible for the employer contributions.

Emery, Lynn

From: Emery, Lynn
Sent: Thursday, August 14, 2003 10:43 AM
To: Bott, Eric
Subject: LRB-2119/2 (attached as requested)



03-2119/2

Lynn Emery
Program Assistant
Legislative Reference Bureau
608-266-3561
lynn.emery@legis.state.wi.us